

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:382

ANSWERED ON:19.12.2014

DEBT BURDEN OF FARMERS

Gaikwad Dr. Sunil Baliram;Kumar Dr. Virendra

Will the Minister of FINANCE be pleased to state:

- (a) whether the debt burden of farmers is higher than the average per capita income and if so, the details thereof along with the reasons for such high indebtedness of the farmers;
- (b) whether any assessment made in regard to the debt burden of the farmers and also the quantum of loan taken by the farmers from private money lenders and if so, the details thereof during the last three years and the current year; State-wise;
- (c) whether the Government has any plan/package to bail out the indebted farmers and rescue them from the private money lenders; and
- (d) if so, the details thereof along with the steps taken by the Government to wipe out the debt burden of the farmers?

Answer

The Finance Minister (Shri Arun Jaitley)

(a) to (d):- A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Saha Starred Question No. +382 for answer on 19th December, 2014 regarding Debt Burden of Farmers tabled by Dr. Virendra Kumar, MP & Dr. Sunil Baliram Gaikwad, MP.

(a) & (b) The Per Capita Net National Income at Factor Cost at Current Prices, as per provisional estimates of Annual National Income 2013-14, is Rs. 74,380/-. National Sample Survey Organisation (NSSO) conducted Situation Assessment Survey (SAS) of Agricultural Households during NSS 70th round (January, 2013- December 2013) in the rural areas of the country for the reference period of the agricultural year July 2012- June 2013. Based on the results of the survey, estimated average amount of outstanding loan per agricultural household as on date of the survey was Rs. 47,000/-. The Survey estimated that at all-India level, 25.8 percent of the loans were sourced from 'agricultural/professional money lender'. State-wise details are given at Annexure.

(c) & (d) To reduce the debt burden of farmers and increase the availability of institutional credit to them, the Government has, inter alia, taken following major steps :-

In term of Reserve Bank of India (RBI)'s Guidelines on lending to Priority Sector, a target of 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), which ever is higher, as on March 31 of the previous year, has been mandated for lending to the priority sector by domestic Scheduled Commercial Banks, both in the Public and Private Sector. Within this, a sub-target of 18 percent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as on March 31 of previous year, has been mandated for lending to agriculture sector.

The Government has also been setting an annual target for the flow of credit to the agriculture sector, which is being consistently surpassed by banks.

In view of the distress of farmers due to heavy debt burden, the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 was implemented by the Government.

So as to ease the burden of interest on farmers, the Government provides interest subvention since 2006-07 to make short-term crop loans upto Rs.3 lakh for a period of one year available to farmers at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card Scheme, which enables them to purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and draw cash to satisfy their consumption needs.

The KCC Scheme has since been simplified and converted into ATM enabled debit card with, inter alia, facilities of one-time documentation and built-in cost escalation in the limit, etc.

To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

Banks have been advised by RBI to waive margin/ security requirements of agricultural loans upto Rs. 1,00,000/-. The requirement of 'no due' certificate has also been dispensed with for small loans up to Rs.50,000/- to small and marginal farmers, share- croppers and the like and, instead, only a self- declaration from the borrower is required.

In order to provide relief to borrowers in times of natural calamities, the RBI and National Bank for Agriculture & Rural Development (NABARD) have issued standing guidelines for relief measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include identification of beneficiaries, extending fresh loans and restructuring of existing loans, relaxed security and margin norms etc. The moment calamity is declared by the concerned District Authorities, these Guidelines have been so designed that they are automatically set in motion without any intervention and this saves precious time.

Under Pradhan Mantri Jan-Dhan Yojana (PMJDY), overdraft limit upto Rs. 5000/- can be provided to an account-holder, preferably lady of the household, after six months of satisfactory operation of the account.